

C. DUKES SCOTT
EXECUTIVE DIRECTOR

P.O. Box 11263
Columbia, S.C. 29211



Phone: (803) 737-0800
Fax: (803) 737-0801

DAN E ARNETT
CHIEF OF STAFF

May 2, 2005

Charles L. A. Terreni, Esquire
Chief Clerk and Administrator
Public Service Commission of South Carolina
Post Office Box 11649
Columbia, South Carolina 29211

Re: Duke Power Allowable Ex Parte Communication Briefing
on April 28, 2005

Dear Mr. Terreni:

Pursuant to the provisions of Section 58-3-260 of the S.C. Code of Laws and as Mr. Scott's designee, I am attaching my certified statement with copies of the statements from all persons present at the April 28, 2005 briefing (see sign-in sheet also attached).

Additionally, you will find a copy of the materials distributed by Duke Power at the meeting as well as a copy of the verbatim transcript of the briefing. It is my understanding that the transcript of the briefing is posted on your website, and this transcript is incorporated by reference in all of the certified statements.

As required by law, please post all of the documents relating to this briefing on your website.

Thank you for your assistance.

Sincerely,

Debbie Hammond
Executive Assistant

Attachments

ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
(ORS Executive Director or Designee)

THIS CERTIFICATION IS TO:

- BE SIGNED BY EXECUTIVE DIRECTOR OR HIS DESIGNEE, AND
- BE FILED WITH THE CHIEF CLERK OF THE PUBLIC SERVICE COMMISSION **WITHIN SEVENTY-TWO HOURS** OF THIS BRIEFING.

Name: Debbie Hammond	Date of Meeting: April 28, 2005
ORS Position Title: Executive Assistant	Matter: Duke Power Allowable Ex Parte Briefing
	Docket No.: Pursuant to April 13, 2005 Notice of William F. Austin and Richard L. Whitt, Attorneys for Duke Power

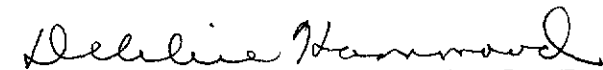
By signing this Certification, I certify that:

1. The briefing was conducted in compliance with the provisions of S.C. Code Ann. §58-3-260(C)(6).
2. EACH PERSON present at the briefing complied with the reporting and certification requirements of (ii), (iii), and (iv) within 48 hours after the briefing.
 - a. The subsection (ii) and (iii) requirements are that EACH ATTENDEE INCLUDING EACH COMMISSIONER AND EACH COMMISSION EMPLOYEE is to file a certification with ORS:
 - i. That accurately summarizes the discussions occurring during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]
 - ii. With copies attached of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]
 - iii. That no commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by

any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]

- b. The subsection (iv) requirement is that EACH COMMISSIONER AND EACH COMMISSION EMPLOYEE present at the briefing file a certification that they will comply with State law requiring them to grant to every other party or person requesting an allowable *ex parte communication briefing* on the same or similar matter that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]
3. Copies of all certified statements and all other matters filed with ORS by briefing attendees pursuant to(C)(6)(a)(ii), (iii), and (iv) are attached to this certification.
4. Persons and matters not in compliance with S.C. Code Ann. §58-3-260(C)(6) are listed in the lines below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. I further certify that if the lines are blank that all attendees or matters for this briefing are in compliance.

This concludes my Certified Statement.



Debbie Hammond
Designee of Executive Director
Office of Regulatory Staff

Date: May 2, 2005

Allowable *Ex Parte* Communication Briefing Duke Power, a Division of Duke Energy Corporation

*to discuss options to enhance the independence and transparency of the
operation of the Duke Power Transmission System, including proposals
to address the State and Federal issues concerning the same.*

**Public Service Commission of South Carolina Hearing Room
Synergy Business Park
101 Executive Center Drive
Columbia, SC 29210**

Thursday, April 28, 2005 at 2:00PM

(PLEASE PRINT)

NAME	ADDRESS	ORGANIZATION
RICHARD WHITT	508 HAMPDEN ST C.A. C.E. 29202	AL SHAWZINSKY ROGERS
Scott Henry	P.O. Box 1006 Charlotte NC 28201-1006	Duke Power
CHRIS FALLON	P.O. Box 1006 CHARLOTTE, NC 28201-1006	Duke Power
Debbie Hammond	1441 Train St Cala 29201	ORS (Scott Alexis)
Shannon Hudson	2214 Lincoln Street Cala, SC 29201	ORS
James E Speermon	101 Executive Center Dr. Saluda Bldg	SC PSC
CHARLES TERRENI	" "	SC PSC
David Butler	101 Executive Center Saluda Bldg	SC PSC
Doug Probst	" "	" "
Phil Riley	" "	" "
Randy Mitchell	" "	" "
O'Neal Hamilton	" "	" "
Butch Howard	" "	" "
Lib Fleming	" "	" "
David Wright	" "	" "

**ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
(Attendee)**

THIS CERTIFICATION IS TO:

- BE SIGNED BY EACH BRIEFING ATTENDEE EXCEPT COMMISSIONERS AND PUBLIC SERVICE COMMISSION EMPLOYEES, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>Shannon Hudson</i>	Date of Meeting: <i>4-28-05</i>
Occupation: <i>Attorney</i>	Matter: <i>Duke Power's 4-13-05's</i> <i>Request for an Allowable Ex Parte Comm</i>
Attending on behalf of/for: <i>ORS</i>	Docket No.:

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [§58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [§58-3-260(C)(6)(a)(ii)]

<i>See attached transcript.</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.

Shamuan Hudson
Signature of Briefing Attendee

Date: 5-2-05

ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
(Commissioner/Commission Employee)

THIS CERTIFICATION IS TO:

- BE SIGNED AND COMPLETED BY **EACH** COMMISSIONER AND PUBLIC SERVICE COMMISSION EMPLOYEES ATTENDING THE BRIEFING, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>Sandy Mitchell</i>	Date of Meeting: <i>4/28/05</i>
PSC Position Title: <i>P.S.C. Chair.</i>	Matter: <i>Operation of Transmission System</i>
	Docket No.:

By signing this Certification, I certify that:

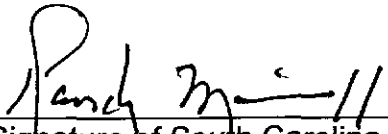
1. No commitment, predetermination, or prediction of any commissioner's action as to any ultimate or penultimate issue or any commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any commissioner or commission employee as to any commission action or commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

<i>See attachment.</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]
4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter

that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

This concludes my Certified Statement.



Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 4/28/05

ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
(Commissioner/Commission Employee)

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- BE SIGNED AND COMPLETED BY **EACH** COMMISSIONER AND PUBLIC SERVICE COMMISSION EMPLOYEES ATTENDING THE BRIEFING, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>G. O'Neal Hamilton</i>	Date of Meeting: <i>4-28-05</i>
PSC Position Title: <i>Commissioner</i>	Matter:
	Docket No.:

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any commissioner's action as to any ultimate or penultimate issue or any commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any commissioner or commission employee as to any commission action or commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

<i>See attachment</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]
4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter

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This concludes my Certified Statement.

A handwritten signature in black ink, appearing to read "J. O'Neal Hamblin", written over a horizontal line.

Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 4-28-05

ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
(Commissioner/Commission Employee)

THIS CERTIFICATION IS TO:

- BE SIGNED AND COMPLETED BY **EACH** COMMISSIONER AND PUBLIC SERVICE COMMISSION EMPLOYEES ATTENDING THE BRIEFING, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: JOHN E. HOWARD	Date of Meeting: 04/28/05
PSC Position Title: COMMISSIONER	Matter: DUKE: - OPERATION OF THE DUKE POWER TRANSMISSION SYS.
	Docket No.:

By signing this Certification, I certify that:

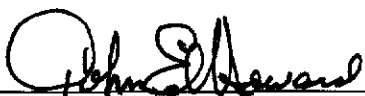
1. No commitment, predetermination, or prediction of any commissioner's action as to any ultimate or penultimate issue or any commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any commissioner or commission employee as to any commission action or commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

SEE ATTACHED

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]
4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter

that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

This concludes my Certified Statement.



Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 4/28/05

ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
(Commissioner/Commission Employee)

THIS CERTIFICATION IS TO:

- BE SIGNED AND COMPLETED BY **EACH** COMMISSIONER AND PUBLIC SERVICE COMMISSION EMPLOYEES ATTENDING THE BRIEFING, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>David A. Wright</i>	Date of Meeting: <i>4/28/05</i>
PSC Position Title: <i>Commissioner</i>	Matter: <i>DUKE POWER Transmission System (RTO)</i>
	Docket No.:

By signing this Certification, I certify that:


1. No commitment, predetermination, or prediction of any commissioner's action as to any ultimate or penultimate issue or any commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any commissioner or commission employee as to any commission action or commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

<i>See attached transcript</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]
4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter

that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

This concludes my Certified Statement.


Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 4/28/05

ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
(Commissioner/Commission Employee)

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- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>Cliffeth B. Fleming</i>	Date of Meeting: <i>4-28-05</i>
PSC Position Title: <i>SC Commissioner</i>	Matter: <i>Strawman for Operation Duke: of Duke Power Transmission System</i>
	Docket No.:

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any commissioner's action as to any ultimate or penultimate issue or any commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any commissioner or commission employee as to any commission action or commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

<i>See attached document</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]
4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter

that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

This concludes my Certified Statement.



Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 4.28.05

**ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
(Commissioner/Commission Employee)**

THIS CERTIFICATION IS TO:

- BE SIGNED AND COMPLETED BY **EACH** COMMISSIONER AND PUBLIC SERVICE COMMISSION EMPLOYEES ATTENDING THE BRIEFING, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>Mignon Clyburn</i>	Date of Meeting: <i>April 28, 2005</i>
PSC Position Title: <i>Commissioner District #6</i>	Matter: <i>Transmissions Strawman Duke Presentation</i>
	Docket No.: <i>N/A</i>

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any commissioner's action as to any ultimate or penultimate issue or any commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any commissioner or commission employee as to any commission action or commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

In Charlotte, NC on April 1, 2005, about 60 persons representing various utility interests participated in a "Strawman for the operation of Duke Power's Transmission System". Duke representatives visited the SCPSC today in order to present an overview of its proposal as to the level of activity that should occur in the operation of its transmission system given FERC and customer demands.

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]
4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter

that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

This concludes my Certified Statement.



Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: April 28, 2008

ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
(Commissioner/Commission Employee)

THIS CERTIFICATION IS TO:

- BE SIGNED AND COMPLETED BY **EACH** COMMISSIONER AND PUBLIC SERVICE COMMISSION EMPLOYEES ATTENDING THE BRIEFING, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>Charles R. Mosley</i>	Date of Meeting: <i>4-28-05</i>
PSC Position Title: <i>Commissioner</i>	Matter: <i>Sub. Power Tariff System</i>
	Docket No.:

By signing this Certification, I certify that:

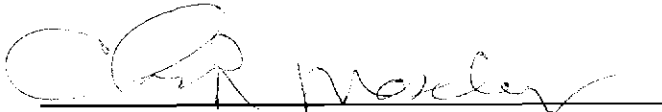
1. No commitment, predetermination, or prediction of any commissioner's action as to any ultimate or penultimate issue or any commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any commissioner or commission employee as to any commission action or commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

<i>See Attache Transcription</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]
4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter

that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

This concludes my Certified Statement.


Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 12-28-15

ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
(Attendee)

THIS CERTIFICATION IS TO:

- BE SIGNED BY **EACH** BRIEFING ATTENDEE **EXCEPT** COMMISSIONERS AND PUBLIC SERVICE COMMISSION EMPLOYEES, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: CHARLES L.A. TERRENI	Date of Meeting: 04/29/05
Occupation: Chief ADMINISTRATOR	Matter: DUKE POWER PRESENTATION
Attending on behalf of/for: SC P.S.C.	Docket No.: NONE

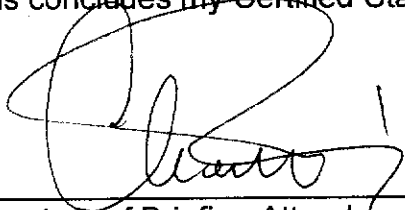
By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [§58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [§58-3-260(C)(6)(a)(ii)]

see attached transcript and handout
documents.

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.

A handwritten signature in black ink, appearing to be "J. Santos", written over a horizontal line.

Signature of Briefing Attendee

Date:

04/29/05

ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
(Commissioner/Commission Employee)

THIS CERTIFICATION IS TO:

- BE SIGNED AND COMPLETED BY **EACH** COMMISSIONER AND PUBLIC SERVICE COMMISSION EMPLOYEES ATTENDING THE BRIEFING, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <u>Jocelyn Boyd</u>	Date of Meeting: <u>4/28/05</u>
PSC Position Title: <u>Deputy Clerk</u>	Matter: <u>Duke Power Transmission System</u>
	Docket No.: <u></u>

By signing this Certification, I certify that:

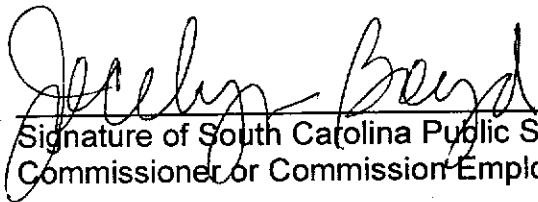
1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

<u>I was present for approximately five</u>
<u>minutes. Please see attached documents</u>
<u>(transcript and hand-out).</u>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

This concludes my Certified Statement.


Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 4/20/05

ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
(Commissioner/Commission Employee)

THIS CERTIFICATION IS TO:

- BE SIGNED AND COMPLETED BY **EACH** COMMISSIONER AND PUBLIC SERVICE COMMISSION EMPLOYEES ATTENDING THE BRIEFING, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: Joseph Melchers	Date of Meeting: 4/28/05
PSC Position Title: Chief Counsel	Matter: Duke Power Request for Allowable Ex Parte
	Docket No.: pursuant to 58-3-260

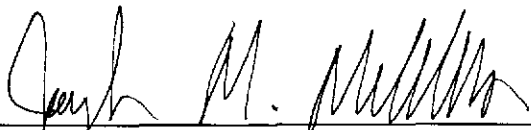
By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any commissioner's action as to any ultimate or penultimate issue or any commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any commissioner or commission employee as to any commission action or commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
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This concludes my Certified Statement.

A handwritten signature in black ink, appearing to read "Jay M. Miller", written over a horizontal line.

Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 4/28/05

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Name: <i>F. David Butler</i>	Date of Meeting: <i>11-28-05</i>
PSC Position Title: <i>Senior Counsel</i>	Matter: <i>Duke Power Transmission System</i>
	Docket No.:

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any commissioner's action as to any ultimate or penultimate issue or any commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any commissioner or commission employee as to any commission action or commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
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<i>See attached documents.</i>

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Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 4-28-05

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Name: Phil Riley	Date of Meeting: 4/28/05
PSC Position Title: Advisory Staff Engineer IV	Matter: Duke Power Presentation
	Docket No.:

By signing this Certification, I certify that:

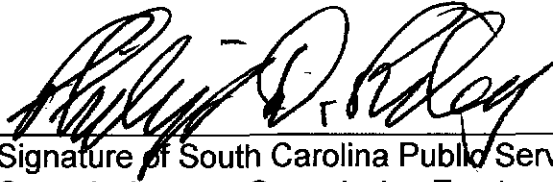
1. No commitment, predetermination, or prediction of any commissioner's action as to any ultimate or penultimate issue or any commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any commissioner or commission employee as to any commission action or commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
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see attached transcript.

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This concludes my Certified Statement.

A handwritten signature in black ink, appearing to read "Philip D. Riley", written over a horizontal line.

Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 4/28/05

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Name: <i>DOUGLAS R PRATT</i>	Date of Meeting: <i>4/28/05</i>
PSC Position Title: <i>ENGINEER IV - Telecom ADVISOR</i>	Matter: <i>Duke Power Request for ex parte presentation</i>
	Docket No.:

By signing this Certification, I certify that:

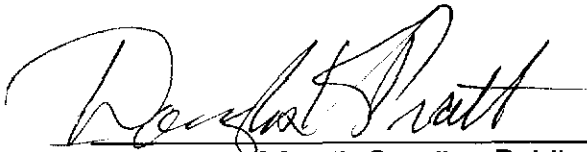
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<i>See attached documents.</i>

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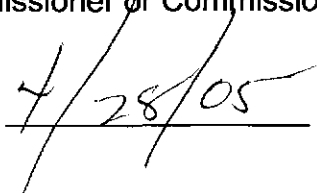
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This concludes my Certified Statement.

A handwritten signature in cursive script, appearing to read "Donald Pratt", written over a horizontal line.

Signature of South Carolina Public Service
Commissioner or Commission Employee

Date:

A handwritten date "7/28/05" written over a horizontal line.

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Name: <i>James E Spearman</i>	Date of Meeting: <i>4-28-05</i>
PSC Position Title: <i>Executive Assistant & Sr. Technical Advisor</i>	Matter: <i>Duke Power request for ex parte presentation</i>
	Docket No.:

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<i>See attached handout and transcript</i>

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Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 4/28/05

ALLOWABLE EX PARTE COMMUNICATION BRIEFING
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(Attendee)

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Name: Richard L. Whitt	Date of Meeting: 4-28-05
Occupation: Attorney - Austin, Lewis & Rogers, PA.	Matter: STRAWMAN for the operation of The DUKE Power Transmission Sys.
Attending on behalf of/for: DUKE POWER	Docket No.: N/A

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [§58-3-260(C)(6)(a)(iii)]
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PLEASE SEE ATTACHED TRANSCRIPT

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.


Signature of Briefing Attendee

Date: 5/2/05

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(Attendee)

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Name: <i>JEFFREY M. TREPEL</i>	Date of Meeting: <i>04-28-05</i>
Occupation: <i>ASSOCIATE GENERAL COUNSEL</i>	Matter: <i>STRAWMAN FOR THE OPERATION OF THE DUKE POWER TRANSMISSION SYSTEM Presentation to the South Carolina Public Service Commission</i>
Attending on behalf of/for: <i>DUKE POWER</i>	Docket No.: <i>_____</i>

By signing this Certification, I certify that:

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<i>See attached transcript of the briefing</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.

Jeffrey M. Trepel
Signature of Briefing Attendee

Date: 05-02-05

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(Attendee)**

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Name: <i>R. Scott Henry</i>	Date of Meeting: <i>4/28/05</i>
Occupation: <i>Vice President, Energy Policy</i>	Matter: <i>Strawman for the Operation of the Duke Power Transmission System</i>
Attending on behalf of/for: <i>Duke Power</i>	Docket No.: <i>N/A</i>

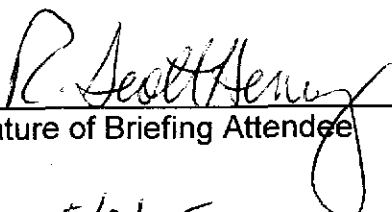
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<i>See attached transcript</i>

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This concludes my Certified Statement.



Signature of Briefing Attendee

Date: 5/2/05

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(Attendee)**

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Name: CHRISTOPHER FALLON	Date of Meeting: APRIL 28, 2005
Occupation: Strategic Planner / ENGINEER	Matter: STEWART FOR THE OPERATION OF THE DUKE POWER TRANSMISSION SYSTEM
Attending on behalf of/for: DUKE POWER	Docket No.: N/A

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [§58-3-260(C)(6)(a)(iii)]
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PLEASE SEE ATTACHED TRANSCRIPT

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.

Chung M. Fallon
Signature of Briefing Attendee

Date: May 2, 2005

ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
(Attendee)

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- BE SIGNED BY EACH BRIEFING ATTENDEE EXCEPT COMMISSIONERS AND PUBLIC SERVICE COMMISSION EMPLOYEES, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: KODWO GHARTY-TAGGE	Date of Meeting: 4-28-05
Occupation: ATTORNEY	Matter: SEE STRAWMAN FOR THE OPERATION OF THE DUKE POWER TRANSMISSION SYSTEM
Attending on behalf of/for: DUKE POWER CO	Docket No.: N/A PRESENTATION TO THE PSC

By signing this Certification, I certify that:

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SEE ATTACHED TRANSCRIPT

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.

Modesto Chantay-Jafar
Signature of Briefing Attendee

Date: 05-02-05

Strawman for the Operation of the Duke Power Transmission System

Presentation to the
South Carolina Public Service Commission

April 28, 2005

Presentation Outline

- Goal of Duke's Effort
 - ◆ Goal of the Process
 - ◆ Goal of the Strawman
- Overview of the Strawman
- Next Steps

Goals of the Process

- Involve market participants and regulators early in the process of formulating a strawman
- Determine if there is sufficient support for the strawman to move forward
- Address market participant and regulator issues in the formulation stage to help streamline the implementation of a proposal arising from this process

Goals of the Strawman

- Enhance the planning and operation of the Duke Power transmission system to address feedback from customers
- Respect state jurisdictional concerns about the transfer of functional control

The Strawman

→ What it is –

- ◆ An attempt to enhance the planning and operation of the transmission system
- ◆ An attempt to find the “sweet spot” between FERC and state jurisdictional concerns that provides value to our customers

→ What it is not –

- ◆ An RTO
- ◆ An attempt to introduce an LMP-style energy market within the Duke control area
- ◆ A proposal that would require the “transfer of functional control”

Overview of Strawman

- The centerpiece of the proposal is to retain an Independent Entity (IE) to perform certain transmission functions that touch the wholesale market
- ◆ OASIS Administration
 - ◆ OATT Administration
 - ◆ Reliability Coordination
 - ◆ Generator Interconnections
 - ◆ Coordinated Transmission Planning

OATT and OASIS Administration

The IE would have the authority to administer Duke Power's OATT and OASIS, which includes the following duties:

- ◆ Receive and act upon all transmission service requests made via the Duke Power OASIS
- ◆ Administer Duke Power OASIS site
- ◆ Calculate and post TTC and ATC values

Reliability Coordination

The IE would be the Reliability Coordinator for the Duke Power control area, which includes the following duties:

- ◆ Real-time monitoring of system conditions
- ◆ Determination and execution of TLRs
- ◆ Review and approval of scheduled outages on the Duke Power transmission system
- ◆ Review and approval of Duke Power procedures and plans for restoration, special operating guidelines, special protection systems. .etc subject to NERC operating guidelines

Generator Interconnections

IE would be responsible for handling all generator interconnection requests, which includes the following duties:

- ◆ Process all requests to interconnect a generator to the Duke Power transmission system
 - ◆ Perform the generation interconnection impact study to determine the upgrades (if any) necessary to reliably interconnect
 - ◆ Authority for the interpretation of the results as well as interpretation and application of the guidelines
- Duke Power would remain the counterparty to the IOA

Coordinated Transmission Planning

IE would be responsible for coordinating development and annual updating of the Duke transmission plan, which include the following duties:

- ◆ Solicit feedback from transmission customers on the transmission plans for the Duke control area
- ◆ Perform studies to identify opportunities to expand the transmission system for economic reasons
- ◆ Issuance of the Duke transmission expansion plan, subject to the approval of public utility commissions or other government and non-government organizations with authority to approve transmission expansion plans or individual projects

Other Potential Functions

- Independent Monitoring
- Interregional Coordination
- Involvement with Reliability Organizations
(NERC/SERC)
- ????

Relationship between Duke and the IE

- Duke would remain the Transmission Provider
- IE would be under contract to Duke to perform its functions
- Contract would be structured in a manner that allows the IE to perform its functions in an independent and transparent manner

Implementation

- Amend OATT with an Attachment detailing the functions to be performed by the IE
- Amend OATT with a new Schedule to recover the costs associated with the IE
- Issue an RFP to select the IE

Next Steps

- ➔ April 1 – April 20 – Receive any additional comments on the strawman
- ➔ April 20 – May 3 – Review feedback from meeting and comments to determine next steps
- ➔ May 3 – Announce follow-up meeting for late May (if consensus exists to explore further)
- ➔ May 23 – June 3 – Second meeting to discuss strawman in more detail

Comments

Send any additional
comments to Chris Fallon at
cmfallon@duke-energy.com

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COLUMBIA, SOUTH CAROLINA

COMMISSION MEETING #43

APRIL 28, 2005

2:00 P.M.

DUKE POWER, a Division of Duke Energy Corporation — *Allowable Ex Parte Communication Briefing to Discuss Options to Enhance the Independence and Transparency of the Operation of the Duke Power Transmission System, including Proposals to Address the State and Federal Issues Concerning the Same.*

BRIEFING BEFORE: Randy MITCHELL, CHAIRMAN, G. O’Neal HAMILTON, VICE CHAIRMAN; and COMMISSIONERS John E. “Butch” HOWARD, David A. WRIGHT, Elizabeth B. “Lib” FLEMING, Mignon L. CLYBURN, and C. Robert MOSELEY.

STAFF: Charles L.A. Terreni, Chief Clerk, Jocelyn G. Boyd, Deputy Clerk, Joseph Melchers, Esq., Chief Legal Counsel; F. David Butler, Esq., Senior Counsel; Dr. James E. Spearman, Philip Riley, MaryJane Cooper, Court Reporter.

APPEARANCES: Richard Whitt, Esq., representing Duke Power Company, a Division of Duke Energy Corporation.

Shannon Hudson, Esq., representing the Office of Regulatory Staff.

TRANSCRIPT OF TESTIMONY AND PROCEEDINGS

VOLUME 1 of 1

I N D E X**PAGE****OPENING REMARKS:**

Mr. Charles Terreni	3
Mr. Richard Whitt	5

PRESENTATION BY DUKE POWER COMPANY:

Mr. Scott Henry	6
Mr. Chris Fallon	9

1 CHAIRMAN MITCHELL: We certainly want
2 to keep this very informal, and we
3 certainly appreciate all the work that's
4 been done to get this program together
5 today. And I hope we'll have many more of
6 these in the future. We appreciate the work
7 that Office of Regulatory Staff has done in
8 assisting us with this, and we appreciate
9 the Company working with us, as Duke always
10 has. We know it's going to allow us to
11 learn more about y'all in an open forum and
12 it will be very beneficial to us in the
13 future.

14 So at this time, I'm going to turn it
15 over to Mr. Terreni. Charlie wanted to say
16 a few words. Charlie, at this time.

17 MR. TERRENI: I'll just reiterate what
18 the Chairman said about thanking everybody.
19 Thank you Richard and Phil for making this
20 thing work. We appreciate you guys for
21 being the guinea pigs.

22 You all are all familiar, I know, with
23 the compliance requirements that we have.
24 But, we've given out these statements, and
25 Ms. Cooper here is transcribing, and you

1 know that's what we arranged to do. And
2 what we are going to do for y'all to be
3 able to get the transcript, as I understand
4 what most people will probably choose to do
5 is just take a copy of the transcript,
6 attach it to these statements and say, *this*
7 *is my summary*. It's pretty transparent. So,
8 y'all can get the transcript in time to
9 file these with ORS by Monday, we will get
10 MaryJane to put it up on the website, on
11 the PSC website. That way it's
12 downloadable. You can get it, and we won't
13 have to depend on e-mail and so forth. Then
14 on Monday, I would suggest that you might
15 want to fax your statements to the
16 attention of Debbie Hammond at ORS. Her fax
17 number, which Richard's got on his own web,
18 but it's 737-0943. The originals may
19 follow. That way, it will be within the
20 forty-eight hour window.

21 Debbie, is there anything else from
22 the Staff?

23 MS. HAMMOND: No.

24 MR. TERRENI: Thank you very much.

25 CHAIRMAN MITCHELL: Thank you. Richard,

1 go ahead.

2 MR. WHITT: Mr. Chairman and Commissioners,
3 we appreciate very much the opportunity to
4 be here today. We appreciate your Chief
5 Clerk and Administrator, Mr. Terreni, for
6 all the hard work he's done, Mr. Melchers,
7 your Staff, and we appreciate Ms. Hammond
8 and Ms. Hudson from ORS being here today.
9 We appreciate the opportunity to do this.
10 Kodwo Gharthey will take over. He's Duke
11 Power's Regulatory Counsel. He's seated in
12 the audience, and we have Jeff Trepel who
13 is with Duke Power, and we have Scott Henry
14 with Duke Power, and Chris Fallon, and I
15 think Scott Henry is going to kick off the
16 presentation. On behalf of Bill Austin and
17 myself, we appreciate all your help.

18 CHAIRMAN MITCHELL: Thank you.

19 MR. HENRY: Thank you, and I too want
20 to reiterate the appreciation for the
21 efforts that have gone in to making this
22 possible. I don't, quite honestly, I don't
23 think we expected there to be the challenges
24 that we've had. But, certainly, we were glad
25 that we've been able to have ultimately

1 come to the point of being able to come
2 before you and present to you some
3 information that we think will be of
4 interest to you.

5 **PRESENTATION BY MR. HENRY:**

6 On April 1, Duke had a meeting of a number of its stake-
7 holders who are interested in the operation and planning
8 of the transmission system. The objective that we have
9 today is to update you on that particular meeting and to
10 provide you the material that was presented at that
11 meeting. At that particular meeting, we did the same
12 presentation and gave the same information as well as we
13 received some comments in verbal form from the participants at
14 that meeting as well as later on receiving some written
15 comments from the participants at that meeting. So, our
16 objective here today is just to update you on what we
17 presented on April 1 and to give you an idea of what we
18 heard on that particular day.

19 In the general sense, though, I wanted to sort of
20 paint the picture of why Duke has been involved in
21 developing a Strawman and trying to get some input on what
22 it should be doing. As you may be aware, within the
23 industry, a number of activities and development of the
24 competitive wholesale markets have been occurring around
25 us to the North; certainly we've been seeing activities

1 with RTOs and ISOs. More closely in the Southeast, we've
2 seen Entergy propose an independent coordinator of trans-
3 mission proposal that has been sent to FERC for review or
4 at least in the terms of a declaratory order. We were
5 interested in trying to understand what level of activity
6 we should be spending our time on in this regard, recognizing
7 that we have really two very clear objectives. We want to
8 meet the objectives of our stakeholders and our transmission
9 customers, but at the same time, not do anything that
10 would change the current jurisdictional nature that we
11 have with our state regulators.

12 So, clearly, what we were looking at was for some-
13 thing that was in that middle ground that might address
14 some of the regulatory uncertainty that we find ourselves
15 in as a company that is governed and regulated by both the
16 federal government through FERC as well as the state
17 governments through the state regulators and state
18 commissions. So, our interest was trying to find that
19 middle ground, sometimes we call it the sweet spot, and
20 see if people have an interest in us doing something like
21 that for our transmission system.

22 Our agenda today is very simple. I'm going to sit
23 down, and Chris Fallon is going to come up. Chris presented
24 this material on April 1, and he's going to present it
25 again today. And we hope that you will ask questions along

1 the way to understand what it is that we are suggesting or
2 what it is that we've placed on the table on April 1. We
3 want this as well to be an informal session. So, I would
4 encourage you to do that. Our ultimate goal is for you to
5 have complete understanding for what we presented on April 1
6 and get your questions answered.

7 So, with that said, do y'all have any questions of me
8 before I sit down? Yes, sir.

9 **COMMISSIONER HOWARD:**

10 Q Who all would your stakeholders be on April 1? I don't
11 mean by name — by category.

12 A By category, we had about sixty people total, sixty non-
13 Duke people there. We had representation from the North
14 Carolina Utility Commission, the ORS, our independent
15 power producers in our area, our transmission customers,
16 both what I would call our network customers as well as
17 our point-to-point transmission customers. We also had
18 representation from our retail groups, like PUCHA and some
19 of the other retail groups, and our wholesale customers in
20 the sense of what we call our Schedule 10A customers, who
21 are partial-requirements customers, and our neighboring
22 utilities. We did invite all of our neighboring utilities
23 to which we are interconnected.
24 We were very pleased with the amount of interest that we
25 had there.

1 Q Thank you.

2 A Okay, if there are no other questions of me, you certainly
3 have the option of asking me questions later on, but I'm
4 going to go ahead and let Chris go ahead with the
5 presentation.

6 Did everybody get a copy of the material? Does
7 anybody not have a copy? Okay, great. Chris.

8 **PRESENTATION BY CHRIS FALLON:**

9 A Thank you, Scott, Mr. Chairman and Commissioners. I'm
10 going to go over the presentation that we did at the April
11 1 meeting, talk about the process that we're undertaking
12 here and kind of maybe give you some feedback on what
13 we've heard so far through this process and go over the
14 proposals.

15 I'll go to the first line, the Presentation Outline.
16 It's really page 2. It's pretty simple. It talks about
17 what Duke wants to accomplish from this process, discusses
18 what Duke wants to accomplish with the Strawman, and then
19 clearly set the boundaries for the Strawman. Scott
20 mentioned that we had a diverse group of stakeholders
21 attend the meeting, and there's a wide range of what the
22 different stakeholders want from Duke Power as a trans-
23 mission operator. So, part of the goal here with the
24 presentation was to clearly set the boundaries of what
25 we're looking at. As Scott mentioned earlier, we're trying

1 to find that "sweet spot", to be upfront with all of the
2 stakeholders at the meeting, we were clearly trying to
3 find those boundaries.

4 Now, I'll give you a high level overview of what the
5 Strawman entails, what functions will be done, how we
6 expect it to be done and how we believe that is going to
7 work.

8 Go to the next page, page 3, the Goals of the Process.
9 In the past, we've received a lot of feedback from our
10 different stakeholders that when we were coming up with a
11 new idea or a new proposal, that we were fairly far down
12 the road prior to getting their input. So, with this
13 proposal, since we were trying to work with them and find
14 something that's appropriate for the Carolinas, we decided
15 that we wanted to get their input up front and that was
16 the purpose of the April 1 meeting, was that we were there
17 to get their feedback early on in the process. It is not
18 our desire that if we decide to move forward with this
19 process, to get into a long drawn-out, contentious battle.
20 We want to work with our customers and regulators and
21 stakeholders up front to address any concerns that they
22 may have and get it done upfront so that if we decide to
23 move forward, that we've got a proposal that has general
24 support and we wouldn't have a long drawn-out, contentious
25 battle over that. And that's why we've gone through a

1 pretty extensive process to get everybody's feedback and
2 have an understanding of what they think about the
3 proposal.

4 The next page, Goals of the Strawman. With the Straw-
5 man is what we're putting forth is a different way of
6 operating the transmission system than what we do today,
7 in terms of how it touches the wholesale market. You ask
8 why are you doing this. A lot has transpired over the past
9 four or five years around the operation of the transmission
10 system as a result of open access. The demands on the
11 transmission system have increased greatly from both a
12 commercial standpoint — people wanting to use the system
13 to do transactions — and from the reliability standpoint.
14 I think you saw that at August 2003, we had a major
15 blackout in the Northeast. So, the demands on the trans-
16 mission system are increasing, and our customers are
17 wanting to get more involved in the way that Duke Power
18 plans and operates its transmission system.

19 The FERC, one of the FERC's big agenda items is to
20 increase the independence and transparency operation of
21 the transmission system. This is one of their big policy
22 issues that they're pushing. So, we're getting in on one
23 side, we're hearing from our customers that they want to
24 see us, they want to work with us more on how we operate
25 our transmission system. We're getting pushed from the

1 FERC that they'd like to see, not Duke itself getting the
2 push, but the industry is getting the push to see more
3 independence and transparency in the operation of the
4 system.

5 So, what we've tried to do is develop a proposal that
6 addresses what we, at the time, consider to be some of the
7 issues that needed to be addressed. We wanted to look at
8 those functions performed by our transmission group that
9 touched the wholesale market and how can we restructure
10 the way we do that in a way that provides to the FERC more
11 transparency and independence of what it's looking for and
12 gets our customers more involved in that planning and
13 operation to give them more of what they're looking for.
14 And that is where we were trying to go with this presentation,
15 that we were trying to find that, we keep saying the word,
16 the "sweet spot", but, we're trying to balance the
17 different objectives.

18 All the while we want to make sure that we respect
19 state jurisdictional concerns. That has been one of the
20 big issues in this whole debate, and it's not just in the
21 Carolinas, but it's all over the Southeast, the Northwest,
22 is that the state commissions have been very concerned
23 about where jurisdictional lines are drawn, and the FERC
24 has its opinion, and the FERC has its ideas. What we're
25 trying to do here is to develop a proposal that meets what

1 the FERC wants and the intent of what the FERC wants to
2 happen while respecting the state jurisdictional concerns.

3 Now, we can go to page 5, and look at The Strawman.
4 Here is where we tried to set the boundaries, where we
5 clearly say what this proposal is and what it is not. I
6 think the first bullet of the second one or the second
7 bullet of the first one says it all. It's that attempt to
8 find the bounds between FERC issues and state issues. But,
9 we had to be clear, and a lot of our stakeholders would
10 love for us to go to an RTO, but, we are not proposing a
11 RTO. We wanted to make that clear upfront to the stake-
12 holders that this is not a RTO. It also is not an attempt
13 to introduce an LMP, that's a Locational Marginal Pricing,
14 use too many acronyms. It's not an attempt to put an energy
15 market into the Duke Power control area, nor is it a
16 proposal that would require the transfer of functional
17 control. So, what we were trying to do here is, within the
18 bounds of what we view the rules to be, is develop a
19 proposal that enhances and furthers the wholesale market
20 but then doesn't run afoul of any of the jurisdictional
21 concerns. We want to improve the transparency, enhance the
22 transparency in planning of the system, and the operation
23 of the transmission system, but, we're here to respect the
24 jurisdictional concerns.

25 So, that's kind of the introduction, setting the

1 boundaries, telling what we're trying to accomplish from
2 the process, what we're trying to accomplish from the
3 Strawman. So, now, we'll talk about what is the Strawman.

4 The centerpiece of this proposal is to retain an
5 Independent Entity, to provide that independence and
6 transparency, to perform certain transmission functions
7 that touch the wholesale market, and they include OASIS
8 Administration — and OASIS is the Open Access Same Time
9 Information System. That is the computer and the Internet
10 based system where transmission customers go to make
11 transmission reservations. So, if somebody wants to
12 reserve transmission on the Duke Power system to go from
13 Georgia Power to AEP, that person would go to the OASIS,
14 they would look, they would make a request: *I want to*
15 *reserve 500 megawatts of capacity from the Georgia Power/*
16 *Duke border to the Duke/AEP border.* That is their inter-
17 face with the transmission group, that's where a wholesale
18 customer interfaces with the transmission group. So, we're
19 looking at that one area that we would have an Independent
20 Entity perform that function to give the market comfort
21 that that administration is being done in an independent,
22 transparent manner.

23 OATT Administration, the Open Access Transmission
24 Tariff. That is the rules of the road for the wholesale
25 customers and the point-to-point customers. That is the

1 tariff which they can use our transmission system, and
2 there's a lot of interpretation of that tariff. So, we
3 would propose having the Independent Entity administer the
4 Open Access Transmission Tariff for us.

5 Reliability Coordination — that is the function that
6 takes the wide area view. They're looking across, not only
7 internal to Duke's system, but how the Duke system is
8 interacting with its neighboring systems, and looking at
9 it at a wider area view than just focusing in on the Duke
10 Power transmission system. That's another function that
11 touches the wholesale market that we would propose to turn
12 over to an Independent Entity.

13 Generator Interconnections — currently, merchant
14 generators, there are rules that the FERC puts out, the
15 FERC rules on how you interconnect generators. What we
16 would propose is that we would hire this Independent
17 Entity that would process all the generator interconnections,
18 and I'll talk more about the functions when I get to that
19 point. But, we're looking to turn that function over to
20 the Independent Entity.

21 Coordinated Transmission Planning — currently we do
22 the transmission planning for the Duke system, and we work
23 as part of reliability groups with our neighboring utilities,
24 and we focus mainly on reliability. We're looking to hire
25 an Independent Entity to perform this function, but also

1 work with the wholesale customers and the point-to-point
2 transmission customers to look at what their needs are in
3 order if they want to access more economic generation in
4 another part of the country, what, from a transmission
5 perspective, would have to be done. These are studies that
6 they are done today, but the emphasis is not on them. Our
7 emphasis is on mainly reliability. So, having an entity
8 that would look more into economics would provide more
9 opportunity for our wholesale customers.

10 VICE CHAIRMAN HAMILTON: Would you like
11 for us to ask questions as you move through
12 it or did you want us —

13 MR. FALLON: Yes, please. I'm sorry.

14 **VICE CHAIRMAN HAMILTON:**

15 Q Well, it appears that basically what you're doing is
16 separating all these duties from Duke for your wholesale
17 market, and you'll retain all the retail in-house?

18 A That is correct.

19 Q Is it basically the way it will be going?

20 A Yes.

21 Q The statement that you made earlier, and I'm probably the
22 last to know, but you said most of your stakeholders were
23 interested in y'all being part of an RTO instead of going
24 the way that you decided to go?

25 A When I say most of our stakeholders, we had gotten

1 feedback from some of our the municipals and wholesale
2 cooperative, wholesale customers on our system. Some of
3 them have indicated that they would like to get some of
4 the benefits of a RTO. I'm not sure they want the cost of
5 a RTO. You know, they'd like for Duke to pay for that,
6 potentially. But, they would like some of the benefits
7 that they see in an RTO. I don't know if I misspoke, but,
8 and I think they'd like to see some of the benefits that
9 they perceive from an RTO, and I know that the merchant
10 generators and the power marketers who use our system to
11 do transactions, they'd like the rules that are in an RTO.
12 So, when I say that, maybe it's a slight misstatement, but
13 they'd like the rules and some of the features of an RTO,
14 not all of them, but the ones that benefit their business.

15 Q As you follow this path, how is it going to affect the
16 retail customer? What effects are going to be left on the
17 individual household users, small industry, and what-not?

18 A From a reliability perspective, there will be none. It
19 will look just like today. We would be delivering power
20 the same way we do today. There would be no difference at
21 all. Now, if there is a cost associated with implementing
22 this proposal, at that point we would most likely try to
23 include it in our cost of service, and they may see a
24 small cost associated with this proposal. That would be
25 the impact to the small residential. They're interface

1 with Duke on customer service issues wouldn't change.
2 They're interfaced with us getting new service and things
3 of that nature — none of that would change.

4 Q What you're doing — help me — it appears that you're
5 going to be, as far as wholesale, you're going to be a
6 generating company and a transmission?

7 A We are, I mean, we do both of those today.

8 Q You would continue?

9 A We would continue. We would continue to operate the
10 transmission system. It would still be Duke Power crews
11 going out and switching the lines and doing the
12 maintenance and things of that nature.

13 Q Okay. I think I'm understanding it.

14 A Where it would be is, we have this group now that's housed
15 within Duke Power that handles the tariff, that does the
16 work around wholesale customers who use our transmission
17 system, and they accept requests and they accept denial of
18 service, and I'll get to that. Right now, I'm talking
19 about OASIS and OATT Administration. It is a Duke Power
20 person today that if you were power marketer X, came in
21 and said, "I want to buy 500 megawatts of capacity from
22 Georgia Power/Duke border to the Duke/AEP border" — it
23 would be a Duke Power person who would take that request
24 and process that request. They would look at that request
25 and say, yes or no, we have the available transmission

1 capacity to reliably do that request for you, to make that
2 transaction happen. In other service territories, not
3 Duke's — and, one of the things I'll tell you about is
4 some of the feedback we heard at the meeting. But, in
5 other service territories, I won't mention any of the
6 utilities, but some of the power marketers have complained
7 that because the incumbent utility owned both transmission
8 and generation, that they had an incentive to not have
9 available transmission for someone else to do a trans-
10 action because it could potentially harm their generation.
11 So, what we're doing is that those functions that we've
12 heard, that we've seen people write comments in at FERC,
13 and that we've seen feedback where the FERC has focused
14 its attention — what those functions — we said, okay, if
15 we could carve those out and have an independent party do
16 those ,then we could remove that perception that we can
17 use our transmission system to the benefit of our
18 generation and power marketing market.

19 Q Thank you for your patience.

20 A No, I mean, that's why we're here, is, we want to answer
21 your questions. I mean, that's the whole purpose. So,
22 we'll sit up here all day - that's a good thing that we
23 can get out of this.

24 A [Mr. Trepel] If you don't ask questions, we won't be here long.

25 [Laughter]

COMMISSIONER HOWARD:

Q Chris, what percentage of your total load is wholesale, and of that, what percentage of your wholesale load is interruptible?

A From a revenue standpoint, this is —

Q I guess I'm talking about kilowatt, but revenue would be just the same, I guess.

A From a revenue standpoint, I saw our total, we had like 93% retail, 7% wholesale. That's from a revenue. From a transmission perspective, around 10% to 12% of the load on our system is wholesale. The other 88% to 90% is native load, retail load.

Q What percentage of your wholesale is interruptible?

A I don't think I can answer that. I'm not exactly sure.

A [Mr. Trepel] Probably, a quite small percentage.

A It's very small.

Q Most of it is firm contracts in your wholesale market?

A Yes, I would say, the majority of it is firm contracts.

Q Thank you.

COMMISSIONER CLYBURN:

Q I'm wondering the feedback that you got from the Independent Entity proposal, whether or not that was, at least from a beginning standpoint, the sweet spot for those persons there, because just listening to NPR and reading some other things, the biggest thing was what the

1 scenario you described that the incumbent would have this
2 incentive to not be as transparent and a couple of other
3 charges that some of the independents might have
4 complained about. Did this proposal meet with the
5 positives; was this, not RTO, the functionality or the
6 features that they would like, that gave them a little bit
7 more comfort?

8 A We got very interesting feedback at our April 1 meeting,
9 and frankly, it caught us somewhat off guard. I mean, it
10 was very good feedback in the sense that you can almost
11 divide the feedback into two camps. If you look at the
12 merchant generators and independent power marketers, their
13 feedback was generally along the lines that we think this
14 is a very good first step. You have to be careful because
15 they say it's a very good first step. I would characterize
16 their feedback as very positive.

17 The other camp would be the wholesale customers who
18 have load on the Duke Power system, who would wind up
19 paying the lion's share of any incremental costs
20 associated with this proposal. And their feedback was,
21 yes, we see a value in independence, and yes, we see a
22 value in transparency, but we don't think Duke
23 discriminates against us, so maybe you're trying to solve
24 a problem here — you know, you want to spend money to
25 solve a problem that we don't think is there or not that

1 serious of a problem.

2 So, we were very pleased that we got good remarks
3 from our customers that they felt Duke was unbiased and
4 did a very fair job in administering the transmission
5 tariff and doing a good job of operating the transmission
6 system. What their question was is that they didn't see,
7 based on just these functions, that Duke wasn't being
8 discriminatory towards them. So, they didn't see the large
9 value. And then there were some other ideas, like the
10 question came up earlier about RTOs, then they starting
11 asking, well, could you do more, could you add these
12 features which we think would add value to our business.

13 Q And would that put us on that slippery slope that some of
14 us in the Southeast and in the Northwest have been
15 concerned about?

16 A Some of the features could. Not all of them, but some of
17 the features could put us on that slippery slope. One of
18 the big, and you can read it in the transcript, is that a
19 number of customers said, well, we're proposing this only
20 for the Duke Power system, that we were going alone. There
21 was a lot of questions about, well, what about your
22 neighboring utilities, and our answer was, the architecture of
23 this proposal is open that we could accept other people,
24 but we were not asking them to come along unwillingly.
25 They would have to come to us. We're not forcing anyone

1 into this. That is their business decision, but the
2 architecture is such that it is open that we could have
3 additional members. And I think that was an area where
4 the sweet spot maybe hit if you had a larger footprint. I
5 think they would have been much more accepting of the
6 functions that were here if the footprint were somewhat
7 larger.

8 **CHAIRMAN MITCHELL:**

9 Q Have you had any feedback whatsoever from the federal,
10 after your presentation in April, any response whatsoever?

11 A No, we've been waiting to collect all the feedback from
12 our local stakeholders before we went to the FERC. As of
13 this date, we haven't received any feedback from the FERC.

14 A [Mr. Trepel] That's a correct characterization, yes.

15 Q Could you go, just briefly, into maybe why you chose to go
16 this path, and did you explore other possibilities? I
17 guess what I'm saying, was this the only thing that was on
18 the drawing board as far as to how you would proceed?

19 A When we were developing this proposal, we had a laundry
20 list of functions that could be outsourced to an IE,
21 Independent Entity. The premise for this proposal is that
22 the FERC is looking for an Independent Entity or is
23 looking for more independence and transparency in
24 operation of the transmission system. So, that is the
25 premise that we were basing our proposal on. So then we

1 had a laundry list of different things that we could do,
2 and what we were looking for is those items we felt gave
3 the biggest bang for the buck and didn't encroach on state
4 jurisdictional concerns. So we did have more than just the
5 five or six items that I've listed here, but what we did
6 is, we whittled those down based on the state
7 jurisdictional concerns and those that provided the most
8 benefit for the dollars spent.

9 Did I answer your question?

10 Q I think so. Yes, I believe so.

11 A [Mr. Trepel] Maybe we should mention, Chairman Mitchell,
12 is that FERC has recently conditionally approved a some-
13 what, or at least thematically, a similar proposal from
14 Entergy, and Entergy calls it the Independent Coordinator
15 of Transmission or ICT. They've had a proceeding going on
16 for some time on that, and FERC recently, with fairly
17 significant conditions, has approved that. I don't think
18 it makes it entirely clear all the circumstances into
19 which you can have something similar to that, but FERC has
20 allowed Entergy have at least a trial period with that,
21 with the SPP/RTO as their Independent Entity. They wouldn't
22 be joining SPP,.

23 Q You're stating that that pretty much has FERC's blessing?

24 A [Mr. Henry] Conditionally, yes. It was at least a
25 positive response.

1 A [Mr. Fallon] Are there any more questions?

2 **MR. RILEY:**

3 Q Yes. I think you kind of answered one of my questions in
4 that the status quo, based on what you said about FERC's
5 objectives, the status quo, was it an equal partner when
6 you started your analysis or was that basically ruled out
7 as an option, a viable option?

8 A I guess if we don't get enough positive feedback here,
9 then the status quo is what we would fall back on. But,
10 what we're trying to do is solve a problem that we perceive.
11 We see that there's a lot, from at least a Duke Power
12 perspective, a great deal of regulatory uncertainty
13 because the FERC is pushing its policies and agendas, and
14 the SouthEast is now one big wastefile on their RTO map,
15 so what we were looking to do is work with our customers
16 to see if we could craft a proposal that would fill that
17 regulatory gap.

18 Q And the one thing I wanted to ask about is, Entergy, while
19 they got their proposal approved by FERC, I never got the
20 impression it was all that FERC would like.

21 My question is, do you plan to achieve your independence
22 by firewalls with your own people or are you proposing
23 an independent, a truly independent operator like SPP in
24 Entergy's case?

25 A You're skipping a little bit ahead in the presentation,

1 but that's fine. Our goal was to hire an independent —
2 or the proposal we put forth was to hire an independent
3 company to come in and perform these services. They would be
4 completely independent, but they would be under contract
5 to Duke. Duke would remain the transmission provider
6 under the tariff language so that this entity would not
7 be jurisdictional to FERC. Duke would still retain, we
8 would still be the transmission provider. We would just
9 be using an Independent Entity to perform this subset of
10 functions for us.

11 A [Mr. Trepel] I was going to respond to your comment about
12 the firewalls. We already operate under what we call
13 separation of functions, which was mandated by FERC after
14 Order 888. So, we already have the appropriate separation of
15 the transmission from the merchant function, if that's what
16 you're referring to, I'm not sure if it was, and basically,
17 every integrated utility has that.

18 Q I was just thinking there might be another level required,
19 maybe not.

20 A It would probably be appropriate to say that it's not
21 entirely clear what FERC is requiring or permitting.

22 **COMMISSION FLEMING:**

23 Q So, are you trying to come up with a solution to this
24 before FERC comes up with one, one that you all can live
25 with that you think would be that "sweet spot" that both

1 sides can function in the way that it would be
2 acceptable?

3 A Yes, I believe its Yes, we're trying to practically
4 address this policy issue.

5 Q And maybe put FERC on a different path?

6 A Yes.

7 A [Mr. Henry] If I can just sort of expand on that — prior
8 to the time of us doing this, we received informally a
9 number of inquiries into what we might be doing, might
10 like to do. Certainly, if you do read the transcript
11 from the meeting on April 1 — and we will leave you all
12 a copy of that. I think we brought a copy of that —
13 Commission Ervin offered some comments from North
14 Carolina indicating that it's not about just say no, no,
15 no; it's about identifying what's why, and if something
16 needs to be done, to do it. So, we felt encouraged by
17 those remarks, and we've heard similar remarks from the
18 various constituents that we have.

19 Our goal here was really to put something on the
20 table to ask the question, is the value proposition here
21 and do we need to be doing that. Because, if things are
22 going to change, we would like to proactively do that
23 change rather than sitting back and letting it happen
24 around us. In that regard, we are being a little more
25 proactive than what we've been in the last three or four

1 years on these issues. At the same time, we think it's
2 prudent because the conditions around us are changing.
3 Competitive wholesale markets are developing around us,
4 in the sense of organized markets. We have a vibrant,
5 competitive wholesale market in our area. It's just that
6 it's all bilateral. And we see a lot more transactions, a
7 lot more distance transactions that go on. All of these factors
8 contribute to a thought that maybe we do need to take a
9 look at how we do things and have done things, because
10 the transmission systems are used in a different way
11 today than what it has been in the past. Those are some
12 of the underlying reasons why we are offering this, not
13 that we necessarily feel like we've got to do something,
14 but we wanted to see if there is some model out there
15 that would be appropriate for us to establish as a vision
16 for where we ought to be going with our system and the
17 administration of the transmission system for us.

18 I don't know if that helps paint the context?

19 Q Well, we've already gotten an RTO briefing —

20 A Clearly, Duke is now adjacent to AEP which is now a BJM
21 member, and Dominion will be integrated into BJM; while
22 they don't have the direct interconnection with Dominion,
23 Progress does, and certainly Dominion is a very important
24 member of our VACAR subregion of SERC. Certainly, around
25 us things are happening, and we need to be able to adjust

1 to those times as things change.

2 **MR. SPEARMAN:**

3 Q The two primary pressers at FERC for RTOs are Nora
4 Brownell and Pat Wood, one of whom will be gone. Do you
5 see any lightening of the FERC pressure?

6 A Again, I think, the market is force in some of the change
7 around us, it's not all FERC, the larger is the market,
8 and I think that some of the factors that exist today
9 will continue to exist even when FERC Commissioners
10 change, and market participants are going to be wanting
11 some of these things in terms of transparency and operation
12 planning of the transmission system.

13 So, while maybe components will change, I think
14 there's still going to be pressure to change and to do
15 things that would be appropriate for the way that the
16 transmission system is used today and will be used in
17 the future. I still think we'll have the pressure to do
18 that, even Commissioner Kelliher has indicated in public
19 statements that it might be appropriate to do a review
20 of Order 888 to make sure 888 was accomplishing what 888
21 was intended to do. We don't know what that looks like,
22 what that review may look like, but it could certainly
23 include continuing to pursue open access, transparency
24 and operation and planning of the transmission system,
25 and things like that, to the extent that those impact

1 our competitive wholesale markets. I think the pressure
2 could still be there.

3 COURT REPORTER: Excuse me, I just can't
4 hear that.

5 CHAIRMAN MITCHELL: And I don't want
6 to stop the questions, but I think that
7 maybe y'all have a lot of our questions
8 answered if we'd allow them to continue
9 and then, we're certainly going to leave
10 it wide open for questions as long as
11 anybody's got questions. But, at this
12 time, if you'd like to move forward. We
13 certainly don't want to stop anybody from
14 asking questions, but I think, like you
15 stated earlier, I believe in reading down
16 through here, you have a lot of the
17 questions already they might answer if
18 we'll give them a chance.

19 If you will continue at this time,
20 yes, sir.

21 A [Mr. Fallon] Okay. I was on page 7 talking about OATT,
22 the Tariff Administration and the OASIS Administration.
23 What we envisioned here is that the Independent Entity
24 would receive and act upon all requests that we receive
25 through all transmission service requests made through

1 the OASIS. What does that mean? It means they would have
2 the authority to accept or deny any and all transmission
3 service requests. They would determine the ancillary
4 services necessary for each transaction. When you move
5 power from point A to point B, within the tariff there
6 are schedules for what are called ancillary services,
7 which are additional services that are necessary, and
8 sometimes it's the duty of the transmission provider to
9 determine whether or not the transaction can self-supply
10 or it needs to buy extra. So, this entity would be making
11 that determination.

12 We'd be managing the transmission cue for the inter-
13 connection of generators and transmission service requests.
14 The cue is used when determining the cost allocation
15 associated with the new project. So, if you're generator
16 1 in the cue versus generator 2, you'll have different
17 cost allocations. So, having an Independent Entity manage
18 that will give the market participants comfort that it's
19 being done in a nondiscriminatory manner. They would be
20 the administrator of that site. Part of the job of managing
21 that site is to post all transmission system information
22 that is publicly or any public transmission system
23 information, so they would have that function. They would be
24 administering any credit requirements.

25 And probably the most important thing — and this is

1 the biggest issue for the marketplace — is the calculation
2 of what's called ATC, Available Transmission Capacity,
3 and TCC, Total Transmission Capacity. ATC is the commercial
4 value. That is what is available to be purchased to move
5 energy from one control area to another. This independent
6 third party would be determining what those values are.
7 As we've mentioned earlier, some transmission providers
8 have been accused of withholding transmission capacities
9 so that some market participants could not make transactions.
10 So what we're proposing is that the Independent Entity
11 would perform those calculations and do that determination.

12 The next function, page 8, is the Reliability
13 Coordination — this Independent Entity would be the
14 reliability coordinator for the Duke control area.
15 Currently, Duke is the reliability coordinator for, not
16 only its own control area, but for what we call VACAR
17 South, which includes SanteeCooper, South Carolina
18 Electric & Gas, and CP&L, or Progress Energy Carolinas.
19 Duke currently performs that task. And part of the
20 responsibilities of the reliability coordination function is
21 the determination and execution of what are called,
22 TLRs, Transmission Lineloading Relief action. So that
23 when there are too many transactions or lineloads up to
24 a point where it becomes a reliability concern, this
25 entity is the one that makes the determination, and it

1 decides which transmission system's uses will have to be
2 cut, which transactions will have to be cut. And once
3 again, if you own transmission and you own generation,
4 the natural perception is that you can use your operation of
5 the transmission system to the advantage of your generation
6 group. So, we're proposing to turn over this function to
7 the Independent Entity.

8 Right now, after the blackout of 2003, NERC is the
9 entity that certifies reliability coordinators, that would maybe
10 be the term here. But the requirements of reliability
11 coordination are increasing. Even though we do it today
12 very cost-effectively, and I think we do it both effectively
13 and cost-effectively, as these requirements go up, it's
14 a business that Duke does because it can do it cost-
15 effectively. But, this is an opportunity for us to look
16 at another possibility of having that service performed.
17 So, we were looking at combining it with the other functions
18 within this IE proposal.

19 A [Mr. Trepel] It might be appropriate to mention that
20 TROs on Duke's system are extremely rare.

21 A [Mr. Fallon] Right. I don't know the exact number --

22 A [Mr. Trepel] It's one or two.

23 A [Mr. Fallon] Yes, we've had one or two in seven or eight
24 years; whereas, other parts of the Country have had hundreds
25 of TLRs. So, it's not that much of a concern here. But

1 still, the perception — part of this proposal is to
2 address the perception of discrimination, not actual
3 discrimination.

4 Another area in reliability coordination is that this
5 entity would have approval authority over transmission
6 outages. If Duke wanted to take a transmission line out
7 of service for maintenance, it would have to have approval
8 from this entity to take that transmission line out of
9 service. That's because if you take a transmission line
10 out of service, you impact the network, you change the
11 flows, and you can change the available transmission
12 capacity by taking an element out of service. This way,
13 if you have an independent party looking at it, no one
14 can make the claim that we took a line of service in order to
15 impact another party's transaction. It's to provide that
16 independence in the look of all those functions that touch the
17 wholesale market.

18 Generator Interconnections, page 9. This is an area
19 that has, at least on the Duke system, the interest is
20 still there, but it's gone down significantly since the
21 2000 timeframe when gas prices were very low. But, there's
22 still a number of merchant generators looking to connect
23 to the transmission system. Currently, the process is that the
24 request comes into Duke. The Duke System Planning Group
25 does a study that looks at the impact of that generator

1 on our system, determines what facilities need to be
2 upgraded in order to reliably interconnect that generator
3 to the system, and then that generator is then responsible
4 for those costs. And most times when we deal with, when
5 the costs come back, naturally, sometimes the merchant
6 generators have a question about, well, how did you do
7 those costs or are you pushing costs on to us that
8 should not be assigned to us. So, the Independent Entity
9 would process these interconnections and do those same
10 studies. It is my belief that the Independent Entity will
11 come up with the same exact answers that Duke does today,
12 but, once again, in order to eliminate the perception of
13 discrimination, the Independent Entity can do those same
14 studies and make that determination for the merchant
15 generators on what facilities are needed to reliably
16 interconnect that generator to the system.

17 One note on here, the bottom bullet, that Duke would
18 remain a counterparty to the IOA. The IOA is the Inter-
19 connection and Operating Agreement. That is the contract
20 between the transmission provider and the generator that
21 describes what facilities and how much things cost, how
22 they're going to operate that, how we're going to maintain
23 the facilities. That is the contract that talks about
24 the operation and interconnection of the facility. Duke
25 would remain as the transmission provider. We'd still be

1 the counterparty to that contract. It would not be this
2 Independent Entity. We're only hiring the Independent
3 Entity to process the request and make the determination
4 on what is needed to reliably interconnect that generator.

5 Page 10 is the Coordinated Transmission Planning.
6 This is an area where we've received a great deal of
7 feedback from our municipal and cooperatives, our whole-
8 sale customers, that they want to get more involved in
9 the planning of our transmission system. They have a
10 vested interest in how well the transmission system is
11 planned and operated because ultimately it impacts the
12 reliability of their ability to access different
13 generation markets. So we were trying to include part of
14 the proposal to enhance the planning of our transmission
15 system. I talked about it earlier at the beginning of
16 this, about the economic expansion opportunities. Duke
17 is in a position where the majority of our generation is
18 on-system. We do get some generation from off-system,
19 but the majority of it is on-system. And we don't have
20 the needs to impact to try and access five or six
21 different markets as much as the wholesale customers,
22 the cooperatives and the municipals do.

23 So, they want to get more involved in the planning
24 of our system so that we can start now looking at more
25 opportunities, or are there opportunities to increase

1 transmission to different markets in order to provide a
2 greater opportunity for the economic transfer of energy.
3 What we're looking for here is that the Independent
4 Entity would facilitate that process, that Duke would
5 continue to do the reliability planning to make sure
6 that the facilities within our control area and service
7 area are enough to reliably meet our needs. It would work
8 with the cooperatives, the municipals to look at what
9 their needs are. They have wholesale power needs out in
10 the future. Sometimes they're reluctant to let us know
11 what different markets they're looking at because in the
12 buying of power there are competitors. They can now funnel
13 this information to an Independent Entity that would
14 help them process it. It would take our reliability plan
15 and then look and see if there are any opportunities to
16 expand the transmission system to have more economic
17 generation that makes financial sense, look at the
18 different facilities and what you could do in order to
19 increase transfer capability to open up these markets.

20 So, that's what we're trying to do. We're trying to
21 be responsive to our wholesale customers, that they want
22 to be more involved in the transmission planning arena,
23 and we're trying to put an Independent Entity to allow
24 them to have that opportunity to be more involved there.

25 Page 11, this was more a point in the presentation

1 where we were just asking them, are there other functions?

2 Like I said, we had a laundry list of functions that we
3 thought about, and we were trying to balance the cost
4 benefit analysis and the jurisdictional issues in deter-
5 mining the subset that we finally chose. This is where
6 we were asking our customers, what other functions would
7 you like to see? What functions did we not find, did we
8 not propose that may add value to you. Frankly, we did
9 not get a lot of functions. They wanted some market,
10 changes in the way the market is operated, but they
11 didn't say, we wanted this Independent Entity to do a
12 lot of additional functions. There was some desire or
13 they saw some benefit in independent monitoring of the
14 provisions of transmission service and the markets in
15 our control area. But, we did not get a lot of feedback
16 in this area for what the IE could do. We did get a lot
17 of feedback in different market mechanisms that they
18 might like to see.

19 **VICE CHAIRMAN HAMILTON:**

20 Q Was SCANA and SanteeCooper represented at the April 1
21 meeting?

22 A Yes, they were.

23 Page 12, we talk about the relationship between Duke and
24 the Independent Entity. I said this earlier, that Duke
25 would remain the transmission provider. The way we

1 envision this working is that the Independent Entity
2 would be under contract to Duke to perform these functions,
3 and that it would be our goal that the contract would be
4 structured in a manner that allowed the IE to do these
5 in an open and independent and transparent manner. That
6 was our intent, but in order to balance the jurisdictional
7 concerns, we believe it had to be a contract between
8 Duke and the Independent Entity. This was one of the
9 areas that we did receive feedback, that stakeholders
10 would want greater involvement, committees, and things
11 of that nature. They would like to have more input into
12 this Independent Entity if we were to move forward.

13 **COMMISSIONER CLYBURN:**

14 Q I was going to ask you about that. I was just wondering
15 whether or not in your proposal, the contract would be
16 between you and the IE. If I were one of the other
17 stakeholders, so to speak, I might ask about what type
18 of input I would have in terms of []choosing of that
19 entity.

20 A Our desire would be to get the stakeholders involved in
21 the selection of the IE and get their input in terms of
22 the contract between Duke and the IE. But, ultimately,
23 Duke, as the counterparty to the contract, would like to
24 retain control.

25 Naturally, we'd want to make it as transparent, and we

1 would only try and get the minimum protections that we
2 think are necessary. It doesn't accomplish our objectives
3 if we've got this secret contract and everybody's con-
4 cerned about the independence of this entity. It really
5 doesn't meet our objectives here. Our objective here was
6 to reduce regulatory uncertainty, and find a proposal
7 that met everybody's needs. If everyone is concerned
8 about the independence of this third party and about the
9 secret contract, that would defeat our objectives or
10 defeat the purpose of what we were trying to accomplish.
11 Our goal was to work with our stakeholders as best we
12 could in order to get their input on the contract and the
13 selection of this Independent Entity.

14 Did I answer your question there?

15 Q I suppose.

16 A Implementation, page 13. How do we propose to implement
17 this proposal? We would amend the Open Access Transmission
18 Tariff with an attachment that detailed the exact
19 functions that this entity would perform. We would amend
20 the OATT with a new schedule to recover the costs associated
21 with the Independent Entity. Our current thinking is
22 that if we go forward that we would issue some sort of
23 request for proposal in order to choose the Independent
24 Entity.

25 That's our current thinking if we are going to move

1 forward here.

2 **VICE CHAIRMAN HAMILTON:**

3 Q How much has your thinking changed since your April meeting,
4 and you finally got around to working this one out?

5 A That's a good question. At this point, I think at this
6 point we're still processing all the feedback.

7 We did get a number of positive comments and then
8 we've got some comments that suggest that we needed to
9 work on the proposal a little bit more. And I think that
10 over the next couple of weeks we're going to continue to
11 review that feedback. We're going to look and see what's
12 happening in the industry and then we're going to try
13 and make a decision as to what's the best path forward.
14 We think we got a lot of good feedback, and I'm very
15 happy that we went through the process that we did
16 because we heard loud and clear from our customers and
17 our stakeholders what is important to them, and it
18 provides us a lot of good information to help us make a
19 decision on how we want to move forward.

20 **COMMISSIONER HOWARD:**

21 Q Chris, clarify something on this IE for me. Are there
22 organizations out there now that perform this function
23 or are there companies that do this subcontract type
24 thing for other utilities?

25 A This is new proposal. Entergy, the ICT, is the first one

1 of this type, and this would be the second one. Entergy's
2 using an organization called SPP, which is the Southwest
3 Power Pool, which is the RTO that is connected, adjacent
4 to Entergy. In the FERC order, I think Entergy plans on
5 using SPP.

6 While I believe there are entities out there that
7 would be willing to provide this service, there are a
8 number of different companies that have the skill-sets
9 that could do this and that would be why we would issue
10 an RFP in order to get the full spectrum of different
11 companies that'd be willing to provide this service to
12 us. But I do think they're out there. In the one case
13 that's out there, Entergy, they're using an existing RTO,
14 but, we don't believe that's necessary. We think there
15 are service companies, engineering service companies that
16 have the skill-sets that can do this. We would hope to
17 get a number of proposals from those different companies.

18 Q You mentioned a couple of times that the IE functions
19 will replace the functions now performed by Duke personnel.
20 What kind of reduction of force or how many people will
21 lose their job by going to an IE versus Duke maintaining
22 that function itself?

23 A We haven't centered in on the exact IE proposal, so we
24 don't know. This was an initial Strawman, and we haven't
25 decided on which functions are in and out. So, I can't

1 give you an exact answer as to how many number of people.

2 But what we have seen is that when you put this Independent
3 Entity over top, that we don't see a great reduction in
4 staff at Duke. It's been our experience with some of the
5 GridSouth efforts, looking at other, I'll use RTOs as an
6 example since that's really our only point of reference
7 now, that they have not had a great reduction in staff
8 doing this when you add this Independent Entity to provide
9 the independence.

10 One of the feedbacks we got or a piece of feedback
11 we received at the April 1 meeting was that the thought
12 that this would be an incremental costs, that the customers
13 were concerned. So, I think Duke would be, we would be
14 looking very hard to eliminate any additional costs
15 associated with this proposal. So, our goal would be to
16 maximize any efficiencies that we gained by going to this,
17 but our experience and our points of reference with RTOs
18 and GridSouth is that it's not as great as people would
19 like.

20 A [Mr. Trepel] I might add that one of the reasons, I
21 think, you need some of those people whose jobs may have
22 been reduced to coordinate with the new Independent
23 Entity, or in the case of an RTO, with the RTO. In North
24 Carolina, the North Carolina Commissioners asked that
25 same question of Dominion when they were considering

1 Dominion's application to join PJM. Dominion indicated
2 while there might be a little reshuffling of maybe a
3 very small force reduction, that it would be very small.

4 Q Not being that familiar with TLRs, why is your percent-
5 age so low, and there's hundreds of the TLRs in other
6 areas? Why is that? Do you understand my question?

7 A [Mr. Trepel] Yes, I understand your question. I'm looking
8 to Scott and see if we can come up with an answer
9 together on this one.

10 Would you like to answer this one?

11 A [Mr. Henry] There's several reasons for that. We, in our
12 area of the Country, generally do not have a whole lot
13 of transmission constraints, probably due to some to
14 degree because we're, for the most part, using local
15 generation to meet local load. As you all know through
16 the last time I was here, we gave a presentation on our
17 Annual Plan and for the most part, Duke, and I think as
18 well as the neighbors around us, we all dominantly have
19 in our generation portfolio generation that is on our
20 system meeting our local load. There may not be as many
21 distance transfers in our area as there are in other areas of
22 the Country where parallel flows and things like that
23 may come into play. I think it speaks certainly well of
24 the way the utilities in the SouthEast have designed and
25 constructed their transmission systems that we find

1 ourselves in this situation. But, again, I don't want
2 that to sound like we can't do anything because the use
3 of the system is changing, and Duke is seeing increased
4 use of the system. We're carefully monitoring that to
5 ensure that we can use appropriate means to expand the
6 system where it needs to be expanded and to be able to
7 avoid, to the extent possible, transmission constraints
8 like what may be occurring in other areas of the Country.

9 Q Another question: how many interconnection points does
10 the Duke system have with their adjacent utilities now,
11 and to achieve more transparency, would you need to
12 increase the amount of interconnection points with the
13 other utilities?

14 A I believe we have approximately twenty or twenty-one
15 interconnections with seven or eight different
16 utilities, counting [INAUDIBLE] and things of that nature,
17 twenty or twenty-one different.

18 In terms of increasing the transparency, the wires
19 in the air are what they are; the transparency that the
20 wholesale community is looking for is how we calculate
21 available transfer capability between the control areas.
22 And it's not just how much wire you have in the air, but
23 it's how is your generation dispatched and that impacts
24 where the flows and how lines get loaded up. So, what
25 they're looking for in terms of transparency is the

1 calculation of that available transfer capability. What
2 they are looking for is that they would — some customers
3 would like to have additional interconnections with
4 different utilities in order to increase that value.
5 Naturally, if you put more wire in the air, you'll have
6 more available transfer capability in most cases, if you
7 do it properly. And then that would provide more access
8 to different markets. Did I answer your question?

9 Q Yes. Basically, there's no difference.

10 **COMMISSIONER FLEMING:**

11 Q Chris, you touched on this. I was interested in the
12 costs of the IE compared to the present system and who's
13 going to absorb that? Would you go into that with a
14 little more detail?

15 A [Mr. Fallon] Our preliminary estimates, and these are
16 very back of the envelope, very high level and fairly
17 conservative. This would be an incremental costs of \$10
18 million to \$20 million a year.

19 Q Above the present?

20 A Above the present, yes. We plan to modify our Open Access
21 Transmission Tariff to include an additional schedule to
22 recover some of those costs from our wholesale customers
23 and our network service customers and our point-to-point
24 transmission customers, that would be one desire. And we
25 would also look to include that into the cost of service

1 that Duke has for its retail ratepayers.

2 Q I know Butch and I recently were in on this Reliability
3 or Disasters forum that was put on by NARUC, and one of
4 the things that came out with Duke, and I had the
5 personal experience of knowing the difference it makes,
6 was how they learned from one ice storm in January to
7 the one, I believe, in March, how communication is so
8 important.

9 I was sitting on a city council at the time, and I
10 saw that difference, and it was just an amazing turn-
11 around. By adding this IE, it seems like to me you're
12 just going to complicate that communication process by
13 adding another layer, so to speak, that people have to
14 go through. I mean, you already spoke to how well North
15 and South Carolina energy companies have worked
16 together.

17 A That is correct. I mean that is a possible outcome, but
18 at the same time, the merchant side of the equation —
19 the users of the transmission system would rather talk
20 to an Independent Entity than they would talk to Duke
21 because they think that they have a competing interest
22 with us, and there is some perception that if they gave
23 our transmission system information about their generation,
24 that it would some how make it over to our marketing
25 side, my Standards of Conduct and Compliance Officers,

1 that doesn't happen, but the perception is still out
2 there. I think the feedback at the meeting is that most
3 of our customers gave us glowing reports that that doesn't
4 happen. But, there are some entities who would still
5 make that charge that there is that perception there.

6 Q So it would be more the merchant plants wanting that
7 than the other utilities?

8 A The other utilities would definitely rather talk straight
9 to Duke, because, I mean, they've got long-term working
10 relationships in that sense. You're one hundred percent
11 correct there.

12 A [Mr. Henry] May I just add to that. I mentioned before
13 about how the RTO structure is changing North of us —
14 one area where we do see somewhat of a reluctance, to
15 some degree, of sharing even transmission operational
16 information is when we as a non-RTO transmission provider
17 are communicating to an RTO - the RTOs have very diligent
18 and strict standards in terms of sharing market information,
19 just like what we do, and they have some-what of a
20 reluctance or in the past, we've seen a reluctance for
21 treating us as a transmission operator just like they
22 are. In that context, an independent party being involved
23 in that type of communication, and that's part of the
24 coordinated regional planning that we talked about, would
25 actually help us in that regard, being able to ensure

1 that we're getting the information from the operation of
2 our transmission system that we need in order to do it
3 in a reliable fashion because the markets North of us
4 are very active, because of parallel flows, it's very
5 important that we know what's happening North of us.

6 So, I wouldn't say, Commissioner Fleming, it's just
7 the merchants; I think there is a desire to some degree
8 by the ISR/RTOs that are operators to have that same
9 independence involved. I think we've worked through many
10 of those issues at this point, but certainly we were
11 challenged in that area 18 months ago or so.

12 **COMMISSIONER HOWARD:**

13 Q Chris, would it be any advantage — just thinking out loud —
14 would it be any advantage of doing a joint request for a
15 proposal with an adjacent utility or more than one
16 adjacent utility to give your IE more credibility, so to
17 speak, and share the costs?

18 A That question came up at the April 1 meeting, and the
19 answer I gave then is I think that if you had more than
20 — I think a lot of the stakeholders would like to see
21 this more than one utility. And I believe that the total
22 costs will go up if you have more than one utility, but
23 the cost per unit would go down, so, you'd have a net
24 overall reduction. That would be a good thing, but once
25 again, we put this out as just as a Duke-only proposal,

1 and we'd be more than willing to talk to our neighboring
2 utilities if they're willing to come talk to us, but so
3 far that has not been the case.

4 **VICE CHAIRMAN HAMILTON:**

5 Q If this matter would go forward and would be successful,
6 it would be much less expensive than it would be for you
7 to divest yourself of your transmission; if you remained
8 in control, ownership, let's say; it would be a plus for
9 the ratepayers, wouldn't it?

10 A I believe the answer to your question is yes. I haven't
11 thought through it.

12 Q Well, expense as we discussed today, the total expense
13 that you talked about that would be required to carry out
14 what you talked about was, didn't you say \$10 million?

15 A \$10 million to \$20 million.

16 Q \$10 million to \$20 million, but the things that I've read,
17 if you go to the RTO route, it'd been much more than that.

18 A Oh, yes, if we go to an RTO route, I agree with you one
19 hundred percent.

20 Q What you're going to have is an animal that looks like an
21 RTO, but it's not.

22 A Correct. It would be an RTO-like. It would have a subset
23 of functions that an RTO does that we believe are appropriate
24 for the Carolinas.

25 Q But, it would be a positive thing?

1 A Yes.

2 **COMMISSIONER HOWARD:**

3 Q How would your concept differentiate between GridSouth —
4 just because it's a Duke thing only, it doesn't include
5 any other utilities? Is that basically the difference
6 between that and GridSouth?

7 A That's one of it. The other thing is that the GridSouth
8 was going to take on a much greater role in the operations.
9 It was actually going to be the transmission provider.
10 It was going to be the owner of the tariff. GridSouth
11 was a much more —

12 MR. WHITT: Chris, excuse me. Mr.
13 Chairman, I hate to interrupt, especially
14 my own speaker. It's not a normal thing
15 you do, but we would like to stay away
16 from the GridSouth issue at this time.

17 I think we're getting out of the
18 scope of our briefing.

19 CHAIRMAN MITCHELL: Yes. Right. We
20 probably are, and I'm going to ask this
21 question even though you said that, and
22 it's not about GridSouth. It's going to a
23 different topic, but we have all you
24 gentlemen here today, and it's something
25 that I think is of significance and

1 importance, and it seems to be building
2 through a news release that was released
3 today by *The Associated Press*, today or
4 yesterday.

5 **CHAIRMAN MITCHELL:**

6 Q *The Associated Press* — it seemed that Congressman Gretcham
7 Barrett is proposing a forum here in Columbia to discuss
8 the possibility of a nuclear power, and I know — I'd just
9 like to hear your comments as far as this forum, if you
10 could comment on that at all, or in any situation, are
11 you interested? We've heard some comments on nuclear
12 power at our last forum.

13 A [Mr. Henry] Chairman Mitchell, I don't know —

14 MR. WHITT: Mr. Chairman, I'm
15 certainly going to become unpopular in a
16 hurry here, but I really, once again — we
17 would love to talk to you about that subject,
18 but I'm constrained by the law, and ORS
19 and your attorneys and other attorneys
20 here. I think we posted it under the scope
21 of the transmission system, and I'm just
22 afraid to get away from it.

23 With all due respect, Mr. Chairman,
24 you know that I certainly hate to rise.

25 CHAIRMAN MITCHELL: I understand, I

1 understand.

2 COMMISSIONER WRIGHT: Mr. Chairman,
3 I did talk with Gresham Barrett about
4 that a couple weeks back, and I'd be glad
5 to share that with you any time — either
6 now or later.

7 CHAIRMAN MITCHELL: But, since we had
8 this group together, I'd like to hear it
9 from the horse's mouth if we could, but
10 we couldn't.

11 MR. WHITT: I apologize, Mr. Chairman.

12 CHAIRMAN MITCHELL: That's all right.

13 I understand. I understand,

14 We had one other question? Phil.

15 **MR. RILEY:**

16 Q The one thing you said in your gave me a little pause,
17 and that is, you said the other utilities were talking
18 to Duke rather than an Independent Entity. We've heard
19 this in this same room a number of times how in lock-
20 step the utilities we regulate are, in terms of
21 planning; do you see any downside at all to go forward
22 with this, do you see any chance that that'll lessen in
23 the future?

24 A [Mr. Fallon] No. We're very conscious of those relation-
25 ships, and we want to maintain those good relationships

1 because it's vital to the reliability of our system, and
2 we would structure it in a way, in terms of our
3 participation in reliability groups and our working with
4 them, that we would try and make it transparent to them.

5 Q My philosophy has always been to first do no harm.

6 A No, our goal would be to do no harm. It'll be more to
7 touch the wholesale market, our interaction on reliability
8 issues with our neighbors.

9 **COMMISSIONER WRIGHT:**

10 Q Chris, you mentioned that y'all hadn't heard anything from
11 FERC or any comments like that, but as far as going
12 forward, once you assimilate all the responses that you
13 get from everybody participating and once you've reviewed
14 everything and either decided to go — I guess you would
15 decide to go forward if FERC gave you some kind of a
16 favorable nod, saying this meets what we're looking for.
17 But, if they didn't give you any kind of favorable look,
18 would you just stop right there or would you continue to
19 push ahead in the event that FERC would still come down
20 and say something different?

21 A [Mr. Henry] I think that we are looking to find a resolution
22 that meets the objectives of our stakeholders, in terms
23 of win, win, win. Clearly our stakeholders, including
24 our state regulators and our federal regulators as well
25 as our customers, as Chris indicated, we're not

1 interested in getting in a long drawn-out proceeding
2 that could be contentious at all. So, I think we're
3 really looking forward, to come up with something, if
4 something needs to be done, come up with something that
5 has a large amount of consensus before we would actually
6 move forward. That would be our desire if at all possible.

7 CHAIRMAN MITCHELL: Any other questions?

8 COMMISSIONER FLEMING:

9 Q I'd just like to ask one that's totally different.

10 CHAIRMAN MITCHELL: If you think you
11 can.

12 [Laughter]

13 Q [INAUDIBLE] — came out with the tax on pollution, the
14 carbon tax; have you gotten any feedback on that?

15 A The carbon tax?

16 Q Have you gotten any feedback from any of the other — oh,
17 we can't talk about that?

18 Okay, sorry about that.

19 MR. WHITT: I think we're severely
20 constrained. I don't know, Mr. Terreni
21 may want to help me out on this, but I
22 think we're severely constrained, and I
23 apologize to all the Commissioners.

24 CHAIRMAN MITCHELL: We do understand.

25 We completely understand. If we don't have

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any other questions?

MR. WHITT: I do have some house-keeping items, Mr. Chairman.

CHAIRMAN MITCHELL: Certainly, Richard.

MR. WHITT: We would like to point that your handout probably contains a page 15, which states we're soliciting comments. We're not soliciting comments, so please don't send them; if Chris sees them, he'll delete them and just for the record, this is left over from the other presentation. So, we're not soliciting comments, and we wouldn't accept any either.

The other inadvertent thing that we mentioned is the transcript of the April 1 meeting, which probably gave the attorneys at ORS and Mr. Terreni some concern, and Mr. Melchers, is that we don't have any prior agreement to leave you the transcript. We don't have an agreement with ORS. So, for the record, even though we referenced that, we won't be leaving those today, and it won't be part of the record in this

1 proceeding.

2 Once again, I appreciate everybody
3 being here today, your staff members, ORS,
4 your attendance and all. And I do apologize
5 for the way the meeting has been a little
6 rocky, but as Mr. Terreni and Ms. Hammond,
7 and Shannon and all of us know, this is
8 the first hearing, it's uncharted
9 territory, we're all trying to comply
10 with a brand new law, and it's a little
11 uneven the way we've to do. I apologize
12 and appreciate it.

13 CHAIRMAN MITCHELL: No apology is
14 necessary. Your apology is certainly
15 appreciated and accepted because we thank
16 you so much for groundbreaking this new
17 territory, something this Commission
18 needs desperately to be able to do to
19 define the visions of you companies in
20 the future. I think after we go through
21 one or two, this ground will get easier
22 and easier, I hope.

23 We certainly thank all of you for
24 coming. I know I speak on behalf of all
25 of the Commissioners. We certainly

1 enjoyed your presentation and look very
2 forward in the future to seeing more of
3 these. Thank you very much.

4 MS. HUDSON: Mr. Chairman, I wanted
5 to just add one extra thing, if I may.

6 CHAIRMAN MITCHELL: Certainly.

7 MS. HUDSON: It's based on what Mr.
8 Whitt said earlier. I just want to point
9 out that Section 58-3-260 contains a
10 subsection that states that the attached
11 copies of any material referenced during
12 the briefing, obviously you guys do not
13 have the transcript to attach, but Duke
14 Energy may want to consider attaching
15 that. Thank you.

16 MR. WHITT: Okay, certainly. We
17 don't have the, we don't really have the
18 permission of the Court Reporter to do
19 that. Couldn't we reach an agreement?

20 CHAIRMAN MITCHELL: I think y'all can
21 work it out.

22 MR. WHITT: We'll work that out.

23 CHAIRMAN MITCHELL: Thank you so much.

24

25 [WHEREUPON, at approximately 3:25 P.M., on

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*April 28, 2005, the Briefing was
adjourned.]*

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